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September 12, 2006

AGENDA ITEM 3

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** Executive Order: Federal Health Care Purchasing
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

On August 9, 2006, Jarvio Grevious, CalPERS Deputy Executive Officer, Benefits Administration, attended a meeting with Michael Leavitt, United States Department of Health and Human Services Secretary, along with other purchasers, health plans, providers, and stakeholders. The Pacific Business Group on Health (PBGH) hosted the meeting, which was one of a series of visits by Secretary Leavitt to each of the six national AQA (formerly Ambulatory Care Quality Alliance) pilot sites that will undertake physician and hospital performance measurement. The California AQA pilot will aggregate Medicare claims with commercial plan data from Blue Cross, Blue Shield, and United HealthCare, and is a \$6 million project funded by the Centers for Medicare and Medicaid Services and the Agency for Healthcare Research and Quality.

Before this meeting, Secretary Leavitt met with a small group including Jarvio Grevious and representatives from various California employers who are PBGH members. One message Secretary Leavitt shared at the meeting was that the President soon would be issuing an Executive Order on health care value purchasing. We have attached this Executive Order, signed by President Bush on August 22, 2006, titled, *Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs* (Attachment 1), as well as press release material regarding the Executive Order (Attachments 2 and 3).

Although the Executive Order does not directly impact CalPERS, the elements align with CalPERS objectives. In particular, the federal direction is consistent with the Board-approved Partnership for Change which is geared toward promoting value in California health care through public reporting of hospital cost and quality data.

Peter Lee, the Chief Executive Officer of PBGH, will provide an oral report to the Health Benefits Committee on the important points relevant to CalPERS from the Secretary's visit and the Executive Order.

V. STRATEGIC PLAN:

This item supports Health Goal XII: Engage and influence the healthcare marketplace to provide medical care that optimizes quality, access, and cost.

VI. RESULTS/COSTS:

None.

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Attachments